

GLP NT Corporation



1999 Annual Report

Corporate Profile

GLP NT Corporation is an equity dividend investment company holding a significant interest in common shares of Great Lakes Power Inc. The return on the common shares of Great Lakes Power Inc. is split into its capital appreciation and dividend components. The company provides dividend income and a capital appreciation component to holders of its Class A shares and capital appreciation potential to the holders of the preferred shares issued by a subsidiary of the company.

Great Lakes is a Canadian-based electric power company, with operations in Ontario, Quebec and the United States. Great Lakes has supplied electric power to northern Ontario for over 80 years through its integrated power generation, transmission and distribution system based in Sault Ste. Marie. Great Lakes' other power operations include Lake Superior Power and Valerie Falls Power in northern Ontario, Pontiac Power in western Quebec and Louisiana HydroElectric Power in the southern United States. Great Lakes' production base comprises 16 hydroelectric stations and one natural gas-fired cogeneration plant, with a combined generating capacity of 653 megawatts.

Financial Highlights

thousands	1999	1998
Income available for distribution	\$ 10,857	\$ 10,886
Dividends paid	10,200	10,200
Shareholders' interests	172,552	171,895

Contents

	Page
Financial Highlights.....	1
Management Report.....	2
Consolidated Financial Statements	4
Corporate Information	8

Management Report

Operating Results

The company's income available for distribution for the year ended March 31, 1999 was \$10.9 million, unchanged from 1998. Dividends of \$10.2 million were paid to the holders of Class A shares during the year, also unchanged from the prior year.

The 1998 calendar year was a challenging one for Great Lakes as a result of abnormally dry weather conditions in northern Ontario and Quebec. Although total power sales reached a record level of 4,411 gigawatt hours ("GWh"), up from 4,391 GWh in 1997, internal power generation declined to 3,045 GWh from 3,608 GWh in 1997. This reflected lower water inflows and the decision to store water in the company's northern Ontario reservoirs during the spring and summer in anticipation of higher winter power rates.

Great Lakes' net income for the calendar year 1998 was \$105 million, or \$0.89 per fully diluted common share, compared to \$110 million or \$0.92 per share on a comparable basis in 1997. Net income for 1997, including an investment gain of \$12.5 million, was \$122 million.

Great Lakes' net income for the three months ended March 31, 1999 was \$32 million or \$0.27 per fully diluted common share, up from \$30 million or \$0.26 per fully diluted common share, for the first three months of 1998.

Outlook

Great Lakes continues to improve the productivity of its operations and the effective management of its water resources. It is also exploring opportunities to acquire and develop additional hydroelectric generating capacity with water storage facilities, in order to benefit from the changes now under way in the restructuring of the electric power industry in North America.

Winter precipitation levels in northern Ontario were above normal and reservoir levels are at or above long-term average levels. Provided these favourable conditions continue, Great Lakes should be able to produce a higher portion of its customers' electricity needs in 1999 from its own generating stations. As a result, Great Lakes looks forward to a year of favourable operating earnings.

Year 2000 Readiness

On January 1, 2000, certain computer systems may interpret the year 2000 as the year 1900 or some other date, leading to consequences which could cause a disruption of operations. GLP NT's computer systems are relatively simple, and management is currently addressing any non-compliant areas to ensure all operations are ready for the year 2000.

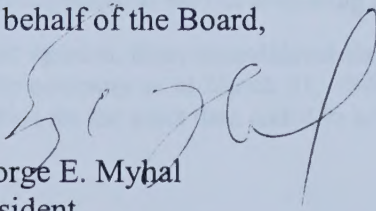
Great Lakes has reviewed all areas of its operation that could be affected, which are primarily the computer systems used to monitor and operate its power generating facilities and include interfaces with external parties. Great Lakes is currently addressing any non-compliant areas, with the objective of having all operations ready for the year 2000. While there is no guarantee that the computer systems of external parties with which Great Lakes is associated will be ready by the year 2000, management believes that this issue will not have an adverse effect on the company's results of operations or financial condition.

Liquidity and Capital Resources

As a single purpose investment company, GLP NT does not require a large amount of capital to fund its operating expenses. The company does, however, maintain a small amount of cash to fund such expenses from time-to-time.

Class A shareholders have the right to require the company to redeem their shares at any time. This does not affect the liquidity of the company, as potential redemptions can only be funded from the proceeds of disposition of common shares of Great Lakes Power. Great Lakes Power is listed and publicly traded on The Toronto Stock Exchange.

On behalf of the Board,



George E. Myhal
President

Toronto, Ontario
July 15, 1999

Consolidated Balance Sheet

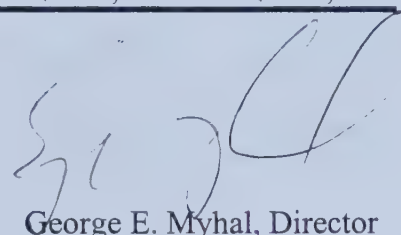
As at March 31

thousands	Note	1999	1998
Assets			
Cash and cash equivalents		\$ 2,552	\$ 1,895
Investment in Great Lakes Power Inc.	2	170,000	170,000
		\$ 172,552	\$ 171,895
Shareholders' interests			
Class A non-voting retractable shares	3	\$ 127,502	\$ 127,502
Preferred shares issued by a subsidiary	4	42,500	42,500
Common shares	3	1	1
Retained income		2,549	1,892
		\$ 172,552	\$ 171,895

On behalf of the Board,



Howard Driman, Director



George E. Myhal, Director

Auditors' Report

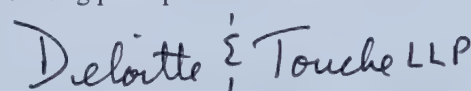
To the Shareholders of GLP NT Corporation

We have audited the consolidated balance sheets of GLP NT Corporation as at March 31, 1999 and 1998 and the consolidated statements of income and retained income, and cash flow for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 1999 and 1998 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Toronto, Ontario
May 28, 1999



Chartered Accountants

Consolidated Statement of Income and Retained Income

Years ended March 31		
thousands, except per share amounts	1999	1998
Revenue		
Investment	\$ 11,015	\$ 10,962
Expenses		
Operating	158	76
Income available for distribution	10,857	10,886
Dividends paid on Class A shares	10,200	10,200
	657	686
Retained income, beginning of year	1,892	1,206
Retained income, end of year	\$ 2,549	\$ 1,892
Earnings per Class A share	\$ 0.64	\$ 0.64

Consolidated Statement of Cash Flow

Years ended March 31		
thousands	1999	1998
Cash provided by operations	\$ 10,857	\$ 10,886
Dividends paid	(10,200)	(10,200)
Cash provided	657	686
Cash and cash equivalents balance, beginning of year	1,895	1,209
Cash and cash equivalents balance, end of year	\$ 2,552	\$ 1,895

Notes to the Consolidated Financial Statements

1. Basis of Presentation

The company is an equity dividend investment vehicle holding common shares of Great Lakes Power Inc. ("Great Lakes Power"), which generates, transmits and distributes electricity in northern Ontario and has ownership and operating interests in other power generating facilities in Canada and the United States.

The company's consolidated financial statements include the accounts of its wholly-owned subsidiary GLP Financial Limited.

The company accounts for its investment in Great Lakes Power using the cost method.

2. Investment in Great Lakes Power Inc.

The company owns 17 million (1998 – 17 million) common shares or 16.8% of Great Lakes Power. The quoted market value of the common shares of Great Lakes Power at March 31, 1999 was \$19.00 (1998 - \$23.00) per share.

3. Shareholders' Interests

The authorized share capital of the company consists of an unlimited number of Class A non-voting shares and common shares.

The issued and outstanding share capital consists of:

dollars in thousands		1999	1998
17,000,330	Class A non-voting redeemable, retractable shares	\$ 127,502	\$ 127,502
80	Common shares	1	1
		\$ 127,503	\$ 127,503

The Class A shares are redeemable at GLP NT's option, in whole or in part, at any time after June 30, 2002, at a price equal to the net asset value of the Class A shares on the relevant date.

The Class A shares are retractable, at any time, at the option of the holder at a price equal to the net asset value per share on such retraction date (97% of the net asset value less \$1.00 per share, if retracted prior to June 30, 2002).

The net asset value per share of the Class A shares on a retraction payment date will be the value of the assets of GLP NT on such date less the calculated fair value of the preferred shares issued by the subsidiary and the liabilities of GLP NT accrued to such date, divided by the number of Class A shares and common shares of GLP NT outstanding at the time. The net asset value per share of Class A shares includes a participation at the rate of 10% of any increase, net of taxes, in the value of the Great Lakes Power shares in excess of \$10.00 per share.

The preferred shares of the subsidiary are not entitled to dividends and participate at the rate of 90% of any increase, net of taxes, in the value of the Great Lakes Power shares in excess of \$10.00 per share.

4. Other

Income taxes have not been provided primarily on account of dividend income being taxed prior to receipt by the company. Non-capital losses of \$360,000 (1997 - \$340,000), which expire by 2006, are available to reduce such taxable income as may arise in the future.

Included in cash and cash equivalents are funds on deposit with a company related through common ownership in the amount of \$2.4 million (1998 — nil).

Certain 1998 amounts have been restated to conform to the presentation adopted in 1999.

5. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Corporate Information

Officers and Directors

John P. Barratt
Director

Howard Driman
Director

Brian G. Kenning
Director

George E. Myhal
President and Director

Blake D. Lyon
Chief Financial Officer

Loretta M. Corso
Corporate Secretary

Principal Office

P.O. Box 770, Suite 4440
BCE Place, 181 Bay Street
Toronto, Ontario
M5J 2T3

Registrar and Transfer Agent

Montreal Trust Company of Canada
151 Front Street West, 8th Floor
Toronto, Ontario
M5J 2N1

Auditors

Deloitte & Touche LLP,
Chartered Accountants

Legal Counsel

Tory Tory DesLauriers & Binnington

Stock Exchange Listings

The Toronto Stock Exchange
- *Symbol:* GPa

Year End

March 31

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